

**ATTORNEYS GENERAL OF THE STATES OF
NEW YORK AND CONNECTICUT**

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In the Matter of

The College Board,

Respondent.

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ASSURANCE OF DISCONTINUANCE

WHEREAS the Office of Attorney General of the State of New York (the “New York OAG”) has commenced an investigation pursuant to Executive Law (“Exec. L.”) § 63(12) and General Business Law (“GBL”) §§ 349 and 350 and the Office of Attorney General of the State of Connecticut (the “Connecticut OAG”) has commenced an investigation pursuant to Connecticut General Statutes (“CGS”) §§ 42-110a et seq., both into practices related to higher education loans offered to students and parents (collectively, the “Investigations”);

WHEREAS in the course of the Investigations the New York and Connecticut OAG’s reviewed extensive evidence;

WHEREAS The College Board, including its subsidiaries and affiliates, referred to herein as “College Board”, has cooperated in the Investigations by voluntarily producing evidence and answering questions relevant to the Investigations;

WHEREAS, as set forth below, the New York OAG alleges that College Board has engaged in certain practices and omissions that violate GBL §§ 349 and 350, Exec. L. § 63(12);

WHEREAS, as set forth below, the Connecticut OAG alleges that College Board has engaged in certain practices and omissions that violate CGS §§42-110a et seq.;

WHEREAS College Board does not admit, and expressly denies, that its conduct constituted any violation of law;

WHEREAS College Board has advised the New York and Connecticut OAGs of its desire to resolve the Investigations through this Assurance of Discontinuance (the “Assurance”);

WHEREAS College Board has agreed to spend \$675,000 to educate and assist students, parents and school financial aid professionals with respect to the financial aid process, all as set forth specifically below;

NOW, THEREFORE, the New York and Connecticut OAGs, based upon their Investigations, allege as follows:

I. Allegations

A. Industry-Wide Findings concerning the Student Loan Industry

1. In order to assist students and families in their efforts to finance their education, institutions of higher education maintain financial aid offices which typically work with students and their families in determining how to finance a student’s college education. Students and their families often rely almost exclusively on the guidance and advice provided to them by the financial aid offices with respect to these issues.

2. Depending on the financial need of a student and that of his or her family and the availability of scholarship or grant funds, a student and his or her family might obtain financing from one or more of the following sources, among others: federally

subsidized and unsubsidized loans under the Federal Family Education Loan Program (e.g., Stafford and PLUS loans) (“FFELP Loans”), and additional loans from private lenders (“Alternative Loans”).

3. Various banks and other private lenders provide FFELP Loans and Alternative Loans and compete for the student loan business in each category. As such, there is an array of choices of lenders through which students and their families need to sift in selecting an appropriate lender. In order to assist students in this selection process, financial aid offices often create a “Preferred Lender” list for each category of loans on an annual basis which purports to identify the lender or lenders that offer the best benefits to borrowers. On a national level, the substantial majority of student borrowers select their lenders from their school’s Preferred Lender lists; lenders on the list typically receive in aggregate up to 90% of the loans taken out by the school’s students and their parents. From a lender’s perspective, then, securing a spot on the Preferred Lender list is critical in the competition to secure loan volume.

B. Findings as to the College Board

4. The College Board is a not-for-profit education corporation chartered by the New York Board of Regents. The College Board is a membership association whose members include institutions of higher education, secondary schools, systems of higher and secondary education, and organizations and agencies engaged in or serving higher education and working together to support preparation for and transitions to higher education.

5. The College Board has developed numerous products and services related to student financial assistance designed to improve the efficiency and effectiveness of

institutional financial aid operations, primarily at the higher education level. Specifically, the College Board owns and markets PowerFAIDS, a software system that automates the institutional financial aid process, and CSS/Financial Aid PROFILE, a program that electronically compiles and organizes reports on student and family financial profiles. The College Board also licenses and markets various software programs and other products related to admissions and financial aid including, without limitation, the Financial Aid Strategy Tool, Institutional Documentation Service, Descriptor PLUS Geodemographic Data Service, and Student Search Services. Collectively, the products and services identified in this paragraph are referred to hereinafter as “the College Board Products.” The College Board marketed the College Board Products to institutions of higher education nationwide.

6. In addition to marketing the College Board Products in support of the financial aid operations of institutions of higher education, the College Board also functioned as a lender with respect to federal student loans. While the College Board did not qualify as an “eligible lender” under the Higher Education Act of 1965 (“HEA”), it participated in FFELP through agreements with financial institutions – including the Bank of New York – under which the financial institutions served as an eligible lender trustee for the College Board. Pursuant to these arrangements, the College Board offered FFELP Loans to students and families. The FFELP Loans that the College Board originated were sold to other lenders, including Sallie Mae, Inc.

7. The College Board also marketed certain Alternative Loans. While it did not provide the capital to finance any Alternative Loans, the College Board marketed such private loan products for three lenders; it marketed the College Board Connect Loan

for Charter One Bank, N.A., the Signature Loan for Sallie Mae, Inc. and the Endeavor Loan for Citibank, N.A.. The College Board was compensated by the lenders on a fee basis for marketing and promoting these private, alternative loan products.

C. **Findings as to the College Board's Relationships with Institutions of Higher Education relating to Financial Aid**

8. When the College Board sold the College Board Products or licenses to use the College Board Products to institutions of higher education, it sometimes documented its agreement for such sales in Software and Data License Agreements ("Agreement"). These Agreements set forth, among other things, the rights of the institutions of higher education with respect to the College Board Products.

9. In many of these Agreements, the institution of higher education was designated a "Solution Partner" to the College Board. In certain of these Agreements, designation as a Solution Partner entitled the institution to a discount ("Solution Discount") off the cost of the College Board Products purchased or licensed pursuant to the Agreement. In order to be eligible for the Solution Discount, the institution designated as a Solution Partner was required to meet certain standard obligations, including:

- a. continuing to use the products and services set forth in the Agreement for the entirety of the term set forth therein;
- b. permitting the College Board to publicly reference the institution as a College Board Solution Partner throughout the term of the Agreement; and
- c. maintaining the institution's status as a College Board member institution throughout the term of the Agreement.

10. The College Board entered into Agreements with four Solution Partners between 2003 and 2005 pursuant to which the institution of higher education received a Solution Discount. In these Agreements, the College Board agreed to grant the

institution a discount on the overall cost of the Agreement in exchange for the institution's agreement to four conditions, one of which was the inclusion of the College Board on its list of Preferred Lenders. In these four instances, the College Board was placed on the Preferred Lender list of each institution for the pendency of the institution's Agreement. The Solutions Discount extended to the four institutions amounted to a reduction of 6.3 percent, 6.7 percent, 12.3 percent and 24.6 percent, respectively, from the price of the programs and/or services being provided by the College Board to the institutions. In the aggregate, the total amount of the Solutions Discounts provided by the College Board to these four institutions equaled \$79,050. Agreements that the College Board entered into with five other schools that received Solutions Discounts contained similar language, although the College Board was not placed on the Preferred Lender lists at those schools during the pendency of those Agreements.

11. On an aggregate basis, the loan volume for FFELP Loans that the College Board originated with students at these four institutions during the pendency of the Agreements with those institutions totaled \$24,840,908. The terms of the Agreements between the College Board and those institutions were not part of the disclosures made to borrowers. The College Board's estimated annual profits from the issuance of student loans at these four institutions during the life of the Agreements exceeded the College Board's estimated annual profits from the issuance of student loans from periods prior to commencement of the Agreements by amounts ranging from approximately \$3,500 to \$29,000 per year. The aggregate total by which the estimated profits during the life of the Agreements exceeded the estimated annual profits from periods prior to the Agreement was approximately \$130,000, reflecting an average annual increase in

estimated profits of approximately \$14,500 per institution per year.

II. ALLEGED VIOLATIONS

The New York OAG alleges that the acts, practices, and omissions set forth in paragraphs 4-11 above violated New York Executive Law § 63(12) and GBL §§ 349 and 350. The Connecticut OAG alleges that the acts, practices and omission set forth in paragraphs 4-11 above violated CGS §42-110a et seq.

III. AGREEMENT

IT NOW APPEARING THAT the College Board, without admitting or denying either the New York or Connecticut OAG's allegations, and while it denies any violation of the laws cited in this Assurance, desires to settle and resolve the Investigations; and

IT FURTHER APPEARING THAT the College Board has represented that it ceased accepting applications for FFELP loans and ceased marketing Alternative Loans as of October 15, 2007; and

IT FURTHER APPEARING THAT the College Board has represented that, as of the date of this Assurance, the College Board has sold to other lenders all of the FFELP loans that it had originated.

NOW, THEREFORE, the New York and Connecticut OAGs and the College Board hereby enter into the Assurance, pursuant to New York Executive Law § 63(15), and CGS §42-110j as follows:

A. The College Board's Educational Investment

1. In order to resolve the Investigations of the New York and Connecticut Attorneys General, and consistent with College Board's commitment to provide meaningful higher education financing resources to institutions of higher education

informing the public about the financial aid process, College Board agrees to invest \$675,000 (the "Educational Investment") through September 30, 2010, pursuant to a budget proposal by College Board and approved by the New York OAG and the Connecticut OAG.

2. The Educational Investment shall be used by College Board to create a set of multi-purpose higher education lending resources (a) to help college and university financial aid offices make well-informed decisions about their selection of preferred lenders for their lists of preferred student loan lenders, and (b) to help potential student borrowers and their families meaningfully evaluate whether to apply for a loan and, if so, which lenders and loans to select. In particular, the Educational Investment shall be used to fund the following four projects:

a. The development of a model Request For Proposal ("RFP") to be made available for use by college and university financial aid offices in connection with a preferred lender selection process. The explanatory text supporting the RFP shall indicate that the contents of the RFP have been developed by College Board in consultation with the New York and Connecticut Attorneys General and that the RFP is constructed as a "recommended practices" template that college and university financial aid offices could use in constructing their own RFP, with the final decision about appropriate content resting with the institution. The College Board shall update the New York and Connecticut Attorneys General on the progress of development of the RFP thirty days from the effective date of the Assurance and ninety days from the effective date of the Assurance.

The model RFP shall include recommendations to college and university financial aid offices that they request information from lenders submitting responses to the RFP regarding, inter alia:

- i) the interest rates proposed to be charged the college's or university's students or their families for each of the various classifications of their students or families utilized by the lender ("Borrower Classifications"), such as FICO score or "income to debt ratio" groupings;
- ii) the origination fee or other fees proposed to be charged the college's or university's students or their families for each of the Borrower Classifications;
- iii) the benefits provided to borrowers throughout the term of the loan, including ones dependent on borrower behavior (i.e., timely payment), proposed to be given to the college's or university's students or their families for each of the Borrower Classifications;
- iv) the estimated Annual Percentage Rate ("APR") to be charged the college's or university's students or their families for each of the Borrower Classifications;
- v) the estimated monthly payment per \$1,000 of principal amount based upon the estimated APR proposed to be charged the college's or university's students or their families for each of the Borrower Classifications;

vi) the estimated total amount to be repaid per \$1,000 of principal amount based upon the estimated APR proposed to be charged the college's or university's students or their families for each of the Borrower Classifications;

vii) the term of the loans to be made to the college's or university's students or their families for each of the Borrower Classifications;

and

viii) the method used by the lender to designate applicants for loans to one of the various classifications of the college's or university's students or families, in sufficient detail to enable the college or university financial aid office to make reasoned determinations of which of the various classifications particular students or their families would likely be placed into by particular lenders, thereby enabling the college and university financial aid offices to provide useful information to students and their families regarding items (i) through (vii) above.

b. The development of a single master Alternative Loan application that could be used by some or all of the lenders offering Alternative Loans on the institution's Preferred Lender list.

c. The development of two separate loan calculator tools. One such calculator tool will be generally available for use by students and their families and will enable them to meaningfully compare the borrower benefits and costs of loan packages available from both the college's or

university's preferred lenders and other lenders. The other calculator tool will be available for use by college and university financial aid offices which, utilizing the information gathered from the lenders chosen by the college or university to be preferred lenders, will enable the financial aid offices to provide the disclosures set forth in Paragraph (a)(i) through (a)(vii) above, to the extent the lenders have provided that information, and to meaningfully advise actual and prospective borrowers with regard to the borrower benefits and costs of the loan packages available from the preferred lenders, based upon application of the lenders' actual classifications as set forth in Paragraph (a)(viii) above.

d. The development and implementation of an on-site and web-based training program available for use by college and university financial aid offices that will address, inter alia, current issues faced by post-secondary institutions in arranging effective education loan options for their students, and "recommended practices" in identifying and selecting preferred commercial lenders to provide lending services for their students. The content for the training program will include, inter alia:

- i) the development of a Preferred Lender list;
- ii) instructions for use of the model RFP;
- iii) the advantages afforded by the model RFP in gathering important information that will assist students and their families in comparing different loans;

- iv) instructions for use of the loan calculator tool set described above;
- v) the benefits to students and their families of considering a Stafford loan and a PLUS loan before considering an Alternative Loan; and
- vi) instructions for use of credit report information when provided by students or their families to determine their PLUS loan eligibility.

3. The multi-purpose higher education lending resources described in Paragraph III.A.2 above, shall be made available to institutions of higher education, as well as to borrowers and their families, free of charge, until September 30, 2010, 18 months from the date of launch as set forth in Paragraph 4 below (the “Launch Date”) provided, however, that:

- a. Should the College Board elect to continue to make available any of the resources described in Paragraph III.A.2(a)-(c) after September 30, 2010 without modifying those resources, it shall do so free of charge;
- b. Should the College Board elect to modify and continue to make available any of the resources described in Paragraphs III.A.2(a)-(c) after September 30, 2010, it may charge for use of those modified resources provided that it clearly and conspicuously identifies the modifications and explains the reasons for the modifications including whether the modifications were legally required; and

c. The College Board may charge for the on-site training of college and university financial aid offices described in Paragraph III.A.2(d) above, after September 30, 2010.

4. The New York and Connecticut OAGs shall be afforded the opportunity to have input into all substantive components of the multi-purpose higher education lending resources described in Paragraph III.A.2. The "Launch Date" shall be March 31, 2009. The College Board will exercise its best efforts to develop and make available the model RFP described in Paragraph III.A.2(a) and demonstration loan calculator tools on or before December 31, 2008, complete training of schools in the use of the model RFP and the demonstration loan calculator tools by February 28, 2009, and to make the loan calculator tools described in Paragraph III.A.2(c) available by March 31, 2009, so that they can be available during the Spring 2009 college admissions and financial aid cycle. The College Board's development and creation of the multi-purpose higher education lending resources described herein shall in any event be substantially completed by May 1, 2009. It is understood that time is of the essence for this substantial completion. Notwithstanding the provisions in Paragraph III.A.3(a) and (b) above, the College Board further agrees that both of the loan calculator tools described in Paragraph III.A.2(c) shall be available and operational free of charge for a minimum of two full college admissions and financial aid cycles (*i.e.*, April 1 through September 30 of each year) after the Launch Date.

B. The College Board's Exit as a Lender

5. The College Board has represented that as of October 15, 2007, for reasons unrelated to the Investigations, it ceased offering and marketing any new higher education loans and that, as of the date of this Assurance, it has sold all existing loans. Should the College Board decide in the future to act as a "lending institution," as that term is defined in the New York Student Lending, Accountability, Transparency and Enforcement Act, it shall abide by the Code of Conduct set forth in Exhibit A hereto, which is attached and made a part hereof as if set out here in full, to be modified at that time, if at all, only by the express agreement of the New York and Connecticut OAGs.

C. Scope of the Assurance

6. Except as provided below, the Assurance concludes the investigation and precludes any action that any of the undersigned Attorneys General could commence against College Board and its respective current and former officers, trustees, agents and employees for the acts, practices, and omissions specified in paragraphs I.B.4 – I.C.11 of the Assurance and occurring up to the time of entering this Assurance; provided however, that nothing contained in the Assurance shall be construed to cover claims of any type by any other state agency or any claims that may be brought by the Attorneys General to enforce College Board's obligations arising from or relating to the provisions contained in the Assurance. The Assurance shall not prejudice, waive or affect any claims, rights or remedies with respect to any person, other than College Board and its current and former officers, trustees and employees, all of which claims, rights, and remedies are expressly preserved, nor shall the Assurance create any rights on behalf of persons not parties to the Assurance.

D. Cooperation with the New York OAG and the Connecticut OAG

7. The College Board shall cooperate fully and promptly with the New York OAG and the Connecticut OAG with regard to the Investigations and any related proceedings and actions related to higher education loans. The College Board shall use its best efforts to ensure that all of its officers, trustees, employees and agents also fully and promptly cooperate with the New York OAG and the Connecticut OAG in their respective Investigations and any related proceedings and actions, subject to their individual rights and privileges and those of the College Board. Except where prohibited by applicable law, cooperation shall include without limitation:

- (a) Production, voluntarily and without service of subpoena, by the College Board of any information and all documents or other tangible evidence related to education loan practices reasonably requested by the New York OAG or the Connecticut OAG, and any compilations or summaries of information or data that the New York OAG or the Connecticut OAG reasonably requests be prepared, subject to recognized privileges and protections for confidential information; and
- (b) Using the College Board's best efforts to cause the College Board's officers, trustees, employees and agents to attend any proceedings related to the Investigations at which the presence of any such persons is reasonably requested by the New York OAG or the Connecticut OAG, and having such persons answer any and all inquiries that may be put by the New York OAG or the

Connecticut OAG to any of them at any proceedings voluntarily, and without service of a subpoena, subject to their individual rights and privileges and those of the College Board (“Proceedings” include but are not limited to any meetings, interviews, depositions, hearings, grand jury hearing and trial).

8. In the event any document otherwise required to be provided under the terms of the Assurance is withheld or redacted on grounds of privilege, work-product or other legal doctrine, a statement shall be submitted in writing by the College Board indicating: the type of document; the date of the document; the author and recipient of the document; the general subject matter of the document; the reason for withholding the document; and the Bates number or range of the withheld document. The New York OAG and/or the Connecticut OAG may challenge such claim in any forum of their choice and may, without limitation, rely on all documents or communications theretofore produced or the contents of which have been described by the College Board, its officers, trustees, employees, or agents.

9. The College Board shall not jeopardize the confidentiality of any aspect of the Investigations, including sharing or disclosing evidence, documents, or other information with others during the course of the Investigations without the consent of the New York OAG and the Connecticut OAG. Nothing herein shall prevent the College Board from conferring with counsel or consultants or from providing such evidence or information to regulators or as otherwise required by law.

E. Miscellaneous Provisions

10. The Assurance is entered into pursuant to New York Executive Law § 63(15) and pursuant to CGS §42-110j. As such, evidence of a violation of the Assurance by the College Board shall constitute prima facie proof of a violation of Exec. L. § 63(12), GBL §§ 349 and 350, and CGS §42-110b in any civil action or proceeding subsequently commenced by the New York OAG or Connecticut OAG.

11. If the College Board commits a material breach of any of the obligations described herein, either the New York OAG or Connecticut OAG may in its sole discretion terminate the Assurance as between the New York OAG or the Connecticut OAG respectively and the College Board upon written notice to the College Board. In such event, any statute of limitations or other time-related defense applicable to the subject of the Assurance, and any claims arising from or relating thereto are tolled from and after the last execution date of the Assurance and the Assurance shall in no way bar or otherwise preclude either the New York OAG or the Connecticut OAG from commencing, conducting or prosecuting any investigation, action or proceeding, however denominated, related to the Investigations, against the College Board or from using in any way any statements, documents or other materials produced or provided by the College Board after commencement of the Investigations, including, without limitation, any statements, documents or other materials provided for purposes of settlement negotiations.

12. The Assurance and any dispute related thereto shall be governed by the laws of the State of New York and the State of Connecticut, as applicable, without regard to any conflicts of laws principles. The College Board consents to, and waives any

objection to, jurisdiction and venue in New York State Supreme Court in New York County, New York and in the superior court for the judicial district of Hartford.

13. No failure or delay by the New York OAG or Connecticut OAG in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein shall be cumulative.

14. The College Board enters into the Assurance voluntarily and represents that no threats, offers, promises or inducements of any kind have been made by the New York OAG or the Connecticut OAG or any member, employee, agent or representative of the New York OAG or the Connecticut OAG to induce the College Board to enter into the Agreement other than as described herein.

15. The Assurance may be changed, amended or modified only by a writing signed by all parties hereto.

16. The Assurance and all Exhibits hereto constitutes the entire agreement between the New York OAG and the Connecticut OAG and the College Board and supersedes any prior communication, understanding or agreement, whether written or oral, concerning the subject matter of the Assurance.

17. The Assurance shall be binding upon and extend to the College Board, its principals, trustees, agents, employees, successors, heirs, assigns and/or purchasers of all or substantially all its assets, and any other corporate or other entity or device through which it may now or hereafter act, as well as any persons who have authority to control and direct or who, in fact, control and direct its business, provided, however, that any

successor to the College Board may petition the Attorneys General for relief from such undertakings.

18. The Assurance and its provisions shall be effective and binding only when it is signed by a representative of the New York Attorney General, the Connecticut Attorney General, the Connecticut Department of Consumer Protection and the College Board. The College Board may petition the Attorneys General for additional time to implement provisions under this Assurance. The Attorneys General shall grant that relief for a reasonable time on a showing of good cause for the delay in implementation.

19. The Assurance may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument.

20. Nothing contained herein shall be construed as relieving the College Board of its obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions of the Assurance be deemed permission to engage in any act or practice prohibited by such laws, regulations or rules. In the event that performance of any provision of this Assurance is rendered impossible by any local, state or federal law, regulation, or binding directive, such law, regulation, or binding directive shall control.

21. The acceptance of the Assurance by the New York OAG and the Connecticut OAG shall not be deemed approval by the Attorneys General of any of the College Board's business practices, and College Board shall make no representation to the contrary.

22. Nothing in this Assurance constitutes an admission of liability by the College Board as to any issue of fact or law. Neither this Assurance nor the College

Board's agreement to enter into this Assurance may be offered or received into evidence in any action or proceeding as an admission of liability by the College Board.

23. The College Board agrees not to take any action or make or permit to be made any public statement denying, directly or indirectly, any finding in this Assurance or creating the impression that this Assurance is without factual basis. Nothing in this paragraph affects the College Board's: (a) testimonial obligations or (b) right to take legal or factual positions in defense of litigation or other proceedings to which the Attorney General is not a party.

24. Unless otherwise provided, all notices as required by the Assurance shall be provided as follows:

To the New York OAG:

Melvin L. Goldberg, Assistant Attorney General
Office of the New York State Attorney General
Bureau of Consumer Frauds & Protection
120 Broadway, 3rd Floor
New York, New York 10271
tel. (212) 416-8296
fax. (212) 416-6003

To the Connecticut OAG:

Christopher Haddad, Assistant Attorney General
Office of the Connecticut Attorney General
55 Elm Street
Po Box 120
Hartford, CT 06141
tel. (860) 808-5247
fax (860)808-5033

To The College Board:

Neil Lawrence Lane, Esquire
The College Board
45 Columbus Avenue
New York, NY 10023-6992
tel. (212) 713-8283
fax (212) 713-8036

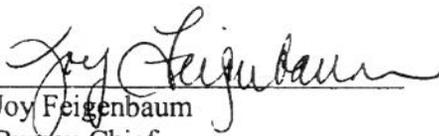
25. Nothing in the Assurance shall be construed to prevent any individual from pursuing any right or remedy at law which any consumer may have against the College Board.

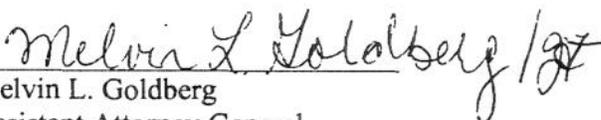
26. The College Board shall submit to the Attorneys General, on or before May 1, 2009 and on or before May 1, 2010, affidavits, subscribed to by an officer of the College Board authorized to bind the College Board, setting forth its compliance with the provisions of the Assurance.

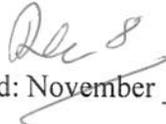
WHEREFORE, the signatures evidencing assent to this Assurance have been affixed hereto on the dates set forth below.

Dated: ~~November~~ ^{December} 8, 2008

ANDREW M. CUOMO
Attorney General of the State of New York

By: 
Joy Feigenbaum
Bureau Chief
Bureau of Consumer Frauds & Protection

By: 
Melvin L. Goldberg
Assistant Attorney General
Bureau of Consumer Frauds & Protection


Dated: November __, 2008


RICHARD BLUMENTHAL
Attorney General of the State of Connecticut

By: _____
Michael E. Cole
Chief, Antitrust Department

Dated: November __, 2008

JERRY FARRELL, Jr.
Commissioner, Connecticut Department of
Consumer Protection

Dated: November __, 2008

THE COLLEGE BOARD

By: _____
Neil Lane
Senior Vice President and
General Counsel

Dated: November __, 2008

RICHARD BLUMENTHAL
Attorney General of the State of Connecticut

By: _____
Michael E. Cole
Chief, Antitrust Department

Dated: November ~~20~~ 2008

JERRY FARRELL, Jr.
Commissioner, Connecticut Department of
Consumer Protection



Dated: November __, 2008

THE COLLEGE BOARD

By: _____
Neil Lane
Senior Vice President and
General Counsel

Dated: November __, 2008

RICHARD BLUMENTHAL
Attorney General of the State of Connecticut

By: _____
Michael E. Cole
Chief, Antitrust Department

Dated: November __, 2008

JERRY FARRELL, Jr.
Commissioner, Connecticut Department of
Consumer Protection

Dated: November 13 2008

THE COLLEGE BOARD

By: 
Neil Lane
Senior Vice President and
General Counsel

EXHIBIT A

Code of Conduct

i. Definitions

1. For purposes of this Code of Conduct, the term “education loan” means any higher education loan or higher education consolidation loan.
2. For purposes of this Code of Conduct, the term “borrower benefit” means a reduction in the interest rate or principal of an education loan, relative to the otherwise standard terms for that loan. The term includes but is not limited to rate reductions for automatically-debited loan repayments and successive on-time payments.
3. For purposes of this Code of Conduct, the term “institution of higher education” shall mean any college or university and any department or subdivision thereof, including, but not limited to, an athletic program or alumni association.
4. For purposes of this Code of Conduct, the term “booster club” refers to an association or entity whose primary function is to support a college’s or university’s athletic program or programs.
5. For purposes of this Code of Conduct, the term “licensee” refers to a company that has the right to sell or license the right to use the name, team name, logo, mascot, or other intellectual property of an institution of higher education for marketing purposes.
6. For purposes of paragraphs 7-21, 23-26, 28, 32-36, and 40-42 of this Code of Conduct, the term “Lender” shall mean Lender, including Lender as a marketer on behalf of other education loan lenders, as well as any person or entity acting as an agent of Lender in the advertising, promotion, and/or marketing of education loans.

ii. *Prohibition of Certain Remuneration to Institutions of Higher Education*

7. Lender shall not provide, directly or indirectly, anything of value to any institution of higher education, licensee, alumni association, or athletic program booster club in exchange for any advantage or consideration provided to Lender related to Lender's higher education loan activity or higher education loan marketing activity, including but not limited to placement on any institution of higher education's preferred lender list or billing as an "official" or "preferred" lender of an institution of higher education, institution of higher education athletic program or team, institution of higher education alumni association, or athletic program booster club. This prohibition on providing anything of value shall also include, but not be limited to, (i) "revenue sharing" arrangements, (ii) providing an institution of higher education discounts or rebates on Lender products, (iii) providing an institution of higher education with any computer hardware for which the institution pays below-market prices, and (iv) providing printing costs or services.

iii. *Prohibition of Certain Remuneration to Higher Education Employees*

8. Lender shall not provide, directly or indirectly, anything of more than nominal value during any twelve-month period to any officer, trustee, director, employee or agent of any institution of higher education, except that nothing in this section shall preclude an officer, trustee, director, employee or agent of any institution of higher education, or any family member thereof, from receiving a loan from or marketed by Lender in the ordinary course of Lender's business. Nothing in this paragraph shall prohibit any officer, trustee, director, employee or agent of an institution of higher education who has no involvement in either the affairs of the institution's financial aid

office or in the institution's financial aid decisions, from serving on a Lender board, council or advisory body, provided that the work of such board, council or advisory body concerns non-University business.

iv. Limitations on Lender Advisory Boards

9. Lender shall not provide, directly or indirectly, any remuneration to or reimburse expenses of any officer, trustee, director, employee or agent of an institution of higher education for service on any advisory board of Lender that addresses Lender's higher education loan activity.

v. Prohibition on Providing Staffing To Financial Aid Offices

10. No employee, representative or other agent of Lender may staff an institution of higher education's financial aid offices at any time where that employee has contact with students other than general debt counseling, such as in exit interviews with students concerning loan obligations they have already incurred. Lender shall take all appropriate steps necessary to ensure that none of its employees, representatives or other agents is ever identified to students or prospective students of an institution of higher education, or their parents, as an employee, representative or agent of an institution of higher education. Nothing in this paragraph prevents Lender from promoting or marketing its products or services to borrowers or potential borrowers and/or providing education and information to students on the options, obligations and issues related to financing their education provided that Lender does so in its own name.

vi. Prohibition on Opportunity Loans

11. Lender shall not arrange with an institution of higher education to provide any Opportunity Loans, if the provision of such Opportunity Loans are offered in

return for, or in exchange for, a specified loan volume from the institution of higher education or placement on the institution's preferred lender list. For purposes of this paragraph, "Opportunity Loans" refers to loans extended to students with poor or no credit history or international students who might otherwise not be eligible for Lender's private/alternative loan program.

vii. Full Disclosure of Sales of Loans to Another Lender

12. Lender shall fully and prominently disclose to potential borrowers any agreement between Lender and any unaffiliated entity, or between a lender for whom Lender is marketing loans and any unaffiliated entity, to sell loans Lender marketed to such potential borrowers.

viii. Direct-to-Consumer Marketing

13. Lender shall not distribute marketing materials that use insignia or text that foster the false impression that the materials were created or distributed by the federal government or any state government or an entity associated with the federal government or any state government, or that Lender is the federal government or any state government or an entity associated with the federal government or any state government.

14. Lender shall not distribute marketing materials that contain or include a document resembling a check or other valid negotiable instrument unless the document is a valid check or other negotiable instrument.

15. Lender shall not distribute materials that contain false or misleading loan rebate offers, including materials that appear to offer a rebate on a consumer's existing loan, when in fact such rebate is offered as an incentive for the consumer to take out a

new loan.

16. Lender shall not distribute marketing materials that falsely imply that the materials were sent to the consumer by a servicer or holder of an existing loan of that consumer.

17. Lender shall not offer misleading rate information, or provide “teaser” or introductory interest rates without clearly and conspicuously¹ disclosing the circumstances under which such rates may change.

18. Lender shall not offer payments to consumers in return for referrals of potential borrowers.

19. When marketing private education loans, Lender shall not make false or misleading statements or representations about federally guaranteed education loans, including, but not limited to: (a) false or misleading statements or representations implying that federally-guaranteed education loans cannot be used to cover certain education-related expenses, and (b) false or misleading statements or representations implying that eligibility for all federally-guaranteed education loans is need-based.

20. When marketing private education loans, Lender shall include in all advertising and promotional materials which include material terms such as interest rate, fees, or other cost information or which advertise the advantages of Lender’s loan products or services a statement to the effect that borrowers should exhaust all lower-cost

¹ For purposes of this Code of Conduct, “clearly and conspicuously” means that the statement, representation or term being disclosed is of such size, color, contrast and/or audibility and is so presented as to be readily noticed and understood by the person to whom it is being disclosed. If such statement is necessary as a modification, explanation or clarification to other information with which it is presented, it must be presented in close proximity to the information it modifies, in a manner so as to be readily noticed and understood. In addition to the foregoing, in interactive media, the disclosure shall also be unavoidable (*i.e.*, no click-through required to access it), and shall be presented prior to the consumer incurring any financial obligation.

federal borrowing options before turning to private loans.

21. In education loan advertising and promotional materials that provide illustrative examples of interest rates, annual percentage rates, monthly payment amounts, total cost of loans, or other loan features, the examples provided shall be representative of the rates, payment amounts, total cost of loans, and/or other loan features typically available to borrowers. Lender shall clearly and conspicuously disclose that any such example reflects rates, terms, and/or features representative of those typically available to borrowers. As used in this paragraph, an advertised rate, term or other loan feature (“loan term”) is “typically available to borrowers” if at least a majority of Lender education loan borrowers receive the advertised loan term or a loan term that is more favorable to the borrower. If the illustrative example is based upon rates, terms and/or features typically available only to borrowers that have co-signers, Lender shall clearly and conspicuously disclose that the illustrative example is based upon rates, terms, and/or features that are typically available only to borrowers that have co-signers. If Lender advertises a loan term whose availability is limited to a class of borrowers, and the advertised loan term is not available to at least a majority of Lender education loan borrowers generally, (a) the advertisement shall clearly and conspicuously disclose the limitation delineating the class; and (b) the advertised loan term shall be considered “typically available to borrowers” if at least a majority of Lender education loan borrowers in the relevant class receive the advertised loan term or a loan term that is more favorable to the borrowers.

22. Lender shall include as a term in any agreement to market consolidation loans that Lender shall not advertise or promote loans that consolidate federally-

guaranteed loans and non-federally-guaranteed loans into a single loan, except that Lender may advertise or promote loans that consolidate federally-guaranteed loans and non-federally-guaranteed loans into a single loan where the interest rate of the consolidation loan is lower than the pre-consolidation interest rate of the borrower's federally-guaranteed loan(s). If a consumer requests a consolidation loan that consolidates federally-guaranteed loans and non-federally-guaranteed loans into a single loan, Lender must provide the disclosures set forth in paragraph 35(C) of this Code of Conduct.

23. Lender shall not offer or provide gift cards, gifts, payments, mileage, or other items of value to potential borrowers in connection with the marketing or promotion of education loans.

24. Lender shall not offer or provide opportunities to participate in contests or sweepstakes in exchange for education loan applications or education loans.

25. Lender shall not use or purchase from an institution of higher education or a third party the rights to use an institution of higher education's name, team name, logo, and/or mascot in any advertisements or other promotional materials directed at potential borrowers.

26. Lender shall require as a term of any agreement to market loans that the education loans (other than consolidation loans) offered pursuant to the agreement must be limited to the student's actual annual cost of attendance less other financial aid, as determined below. Lender and/or the loan provider may determine the cost of attendance and other financial aid by: (1) requesting verification from the institution of higher education, or (2) (a) researching publicly available information concerning the institution

of higher education's cost of attendance and (b) reviewing the student's financial aid award letter and/or requesting information from the student, parent or other borrower or co-signer regarding the student's tuition, fees, books and supplies, room and board, travel, and other reasonable personal expenses and the amount of other financial aid.

27. Lender shall not charge penalties for early repayment of education loans marketed pursuant to the agreement.

28. Lender shall not sell or otherwise disclose personal information (*e.g.*, name, address, social security number, email addresses, telephone numbers) collected from consumers in the course of its marketing or promotional activities to third parties, except that Lender may sell or disclose personal information collected from consumers to third parties where: (a) such sale or disclosure is consistent with its published privacy policy, and (b) Lender clearly and conspicuously disclosed to the affected consumer at the time it solicited the consumer's personal information that the consumer's personal information may be sold or disclosed to third parties.

29. Lender shall require, as a term of any contract Lender enters into to market education loans on behalf of any education loan provider, that (1) such education loan provider shall provide the borrower benefits as set forth in Lender's advertising and promotion of the education loan provider's education loans, and (2) if such education loan provider sells, securitizes, or changes the servicer of loans marketed by Lender, the education loan provider shall include as a provision of all relevant contracts to sell, securitize, or service such loans, that all benefits originally represented as being available to a borrower during the repayment period of the loan and the possibility of such benefits, including any benefits that were represented as being available but for which the

borrower has not yet qualified, will continue to inure to the benefit of the borrower to the same extent as if the education loan provider had not sold, securitized, or changed the servicer of the loans.

30. If Lender sells, securitizes, or changes the servicer of loans, Lender shall include as a provision of all relevant contracts to sell, securitize, or service such loans that all benefits originally represented as being available to a borrower during the repayment period of the loan and the possibility of such benefits, including any benefits that were represented as being available but for which the borrower has not yet qualified, will continue to inure to the benefit of the borrower to the same extent as if Lender had not sold, securitized, or changed the servicer of the loan.

31. If Lender purchases any education loans, it shall honor all borrower benefits promised to the borrower by the original loan provider or marketer that Lender has knowledge of or could have learned of through reasonable due diligence, including any benefits that were represented as being available but for which the borrower has not yet qualified.

32. Lender shall provide all loan co-signers with all of the disclosures made to the primary borrower.

32. Lender shall not represent, directly or by implication, in promotional materials that borrowers will save money or that borrowers will lower their interest rates by consolidating unless such representations are true for most borrowers taking out Lender's consolidation loans.

34. Lender shall not process any consolidation loan application more than 30 days prior to the expiration of a borrower's grace period unless the borrower has

completed a written waiver form affirming that the borrower understands that (a) the borrower is waiving the remaining portion of the borrower's six-month grace period that follows graduation or separation from school for Stafford loans or nine-month grace period for Perkins loans; (b) the borrower will not be granted any grace period on the borrower's consolidation loan (unless Lender offers a grace period for the consolidation loan); (c) the borrower will lose any borrower benefits offered by the borrower's current lender on the loans that are being consolidated; and (d) by consolidating, the borrower is forfeiting the right to have the government pay the interest during grace and deferment periods on any Perkins loans that are being consolidated.

35. Lender shall provide clear and conspicuous disclosures as set forth in this paragraph. In the case of private education loans, such disclosures shall be provided on the loan application, including a web-based application. In the case of federally guaranteed education loans, such disclosures shall be provided on the loan application or in a separate statement accompanying the application.

A. Private loans: Lender shall provide all of those disclosures set forth in Section 1021(a) of the Higher Education Opportunity Act of 2008² which are to be codified as Section 128(e)(1)(M) of the Truth in Lending Act (15 U.S.C. § 1638(e)(1)(M)), Section 128(e)(1)(N) of the Truth in Lending Act (15 U.S.C. § 1638(e)(1)(N)), and Section 128(e)(1)(Q) of the Truth in Lending Act (15 U.S.C. § 1638(e)(1)(Q));

B. Federal Consolidation loans: Lender shall provide all of the disclosures set forth in Section 425(b)(1)(C) of the Higher Education Opportunity Act of 2008, which

² For purposes of this Code of Conduct, the term "Higher Education Opportunity Act of 2008" means the Higher Education Opportunity Act, Pub. L. No. 110-315.

are codified as Section 428C(b)(1)(F) of the Higher Education Act of 1965 (20 U.S.C. § 1078-3(b)(1)(F)); and

C. Private Consolidation Loan: a statement to the effect that consolidating federal loans such as Perkins, Stafford, or PLUS loans together with private loans will result in the loss of certain government interest subsidies and other rights associated with the federal loans.

36. When marketing or providing private consolidation loans, federal consolidation loans, Stafford Loans, or PLUS Loans, Lender shall provide the consumer with the appropriate Uniform Disclosure Statement, attached hereto as Exhibits 1-5, after Lender has determined that an applicant is eligible for such a loan and before Lender accepts an executed promissory note or credit agreement from such applicant. For purposes of these Uniform Disclosure Statements, the term "Annual Percentage Rate" or "APR" is defined as set forth in Section 107 of the Truth In Lending Act (15 U.S.C. § 1606). In connection with private education loans (other than private consolidation loans), Lender shall (a) provide to consumers all of the disclosures set forth in Sections 1021 and 1022 of the Higher Education Opportunity Act of 2008, which are to be codified as Section 128(e) of the Truth in Lending Act (15 U.S.C. § 1638(e)) and Section 104(3) of the Truth in Lending Act (15 U.S.C. § 1603(3)), and (b) provide to applicants, after Lender has determined that the applicant is eligible for a loan and before Lender accepts an executed promissory note or credit agreement from such applicant, a statement describing (1) any borrower benefits offered in connection with the loan; (2) the conditions that the borrower must meet to obtain such borrower benefits; (3) if borrower benefits are offered based on a certain number of "on time" payments, how "on time" is

defined; and (4) whether borrower benefits will be forfeited based upon subsequent late or missed payments.

37. Paragraph 36 of this Code of Conduct shall become effective on October 1, 2008. If federal laws or regulations are enacted after the date of this Code of Conduct that require education loan lenders to provide uniform disclosure statements for some or all types of education loans, then Lender may petition the New York and Connecticut OAG for modification of Paragraph 36, which modification shall not be unreasonably withheld.

38. Except as to the requirements set forth in paragraph 36 of this Code of Conduct, if federal laws or regulations mandating disclosures for marketers or education loan lenders other than the provisions of the Higher Education Opportunity Act of 2008 referenced in paragraphs 35 and 42 of this Code of Conduct are enacted after the date of this Code of Conduct, and such federal laws or regulations mandate disclosures for education loan lenders that conflict with or are redundant to the disclosure requirements contained in this Code of Conduct, then Lender may petition the New York and Connecticut OAG for modification of the relevant requirements of this Code of Conduct, which modification shall not be unreasonably withheld.

39. If a state law or regulation is enacted after the date of this Code of Conduct and a provision of the state law or regulation conflicts with a provision of this Code of Conduct, then Lender may petition the New York and Connecticut OAG for modification of the relevant requirements of this Code of Conduct, which modification shall not be unreasonably withheld.

40. In connection with private education loans, including private education

consolidation loans, Lender shall provide promissory notes or credit agreements that include, as terms, all advertised borrower benefits, the conditions necessary to qualify for such benefits, and any penalties for borrower transgressions.

41. In connection with Stafford, PLUS, or federal consolidation loans, Lender shall provide as an addendum to the master promissory note a statement setting forth: all advertised borrower benefits, the conditions necessary to qualify for such benefits, and any penalties for borrower transgressions.

42. In connection with private consolidation education loans, Lender shall:

a) hold open the loan offer (*i.e.*, with respect to fixed rate loans, the interest rate and any origination fee, and with respect to variable rate loans, the index used, the margin and any origination fee) for a minimum of seven (7) business days after providing a Uniform Disclosure Statement, and b) clearly and conspicuously disclose with the Uniform Disclosure Statement that the loan offer will be held open for seven (7) business days (or, if Lender designates a longer period, for that longer period), and that the consumer may sign the credit agreement or promissory note at any time prior to the expiration of that period. Lender shall make no representation inconsistent with the purpose and intent of this provision, which is to allow the consumer an opportunity to compare private education loan offers based upon the Uniform Disclosure Statement prior to executing a credit agreement or promissory note. With respect to private education loans (other than private consolidation loans), Lender shall comply with that portion of Section 1021(a) of the Higher Education Opportunity Act of 2008 which is to be codified as Section 128(e)(6) of the Truth in Lending Act (15 U.S.C. § 1638(e)(6)).

Exhibit 1

Uniform Disclosure Statement-Private Consolidation Loan

LENDER NAME AND CONTACT INFO

Prepared for: Jane Anybody
1234 Name Street
Anytown, ST 0000

IMPORTANT: It rarely makes sense to consolidate federal loans such as Stafford, PLUS, or Perkins loans with private or alternative loans. Consolidation of federal loans with private or alternative loans will result in the loss of government interest subsidies and other rights associated with your federal loans.

Cost of Loan

What is the estimated principal amount that I must repay? \$ _____

Is the interest rate fixed (always the same) or variable (changes periodically)? [Fixed or Variable]
Variable interest rates are based on a common market index plus a margin. As the index (e.g. Prime or LIBOR) goes up and down, your interest rate goes up and down too. Also, the monthly payment will increase when the interest rate increases and decrease when the interest rate decreases.

What is the interest rate? [For variable rates, stated as a sum of a market index and the margin Fixed: ___%; or Variable: ___ + ___%]

What is the Annual Percentage Rate (APR)? _____%
The APR is the cost of the loan, including the interest rate and certain fees, expressed as a yearly rate.

What is the term of the loan? _____ years

What fees must I pay? [Ex: Origination fee: \$ __, Guarantee fee: \$ __, Other fee: \$ __]

If the rate is variable, is there a cap on the interest rate, and what is the cap? [Yes or No. If Yes, the cap]

What will my estimated monthly payment be, based on the current interest rate and a standard repayment plan over a ___ year term? \$ _____

How high could my monthly payment be if the interest rate hits its cap? [\$ _____ or No Cap]

What is the estimated **total amount** I will repay for this loan, based on the current interest rate and a standard repayment plan over a ___ year term? * *Keep in mind that for variable rate loans, the total amount may be much higher than these estimates.* \$ _____

Repayment

When must I begin repaying my loan? [Ex: six months after graduation]

What if I have trouble repaying the loan and want to defer making payments? [See www.lender.com]

Is there a penalty if I repay the loan early? [Yes or No. If Yes, what is the penalty?]

What are my options for choosing how long to spread out my loan repayment?
Extending the length of your repayment term will increase the total interest paid over the life of the loan, unless you prepay the loan. [See www.lender.com]

How often is unpaid interest capitalized during the periods when I am not paying interest? (Ex: quarterly, annually)
The more frequently unpaid interest is capitalized (added to the loan principal), the higher the total cost of your loan. (For example, quarterly capitalization will be more expensive than annual capitalization.)

Benefits, Discounts & Rebates

What benefits, discounts, or rebates are offered, and what conditions do I have to meet to obtain the benefits? [Ex: 1% interest rate reduction after 24 on-time payments]

If benefits are offered based on a certain number of "on-time" payments, how is "on-time" defined? [Ex: within 5 days of payment date]

What will happen if I am late with a payment? [Example: You lose 1% interest rate reduction]

Will my loan be sold to another lender? [Yes or No]
• If yes, to what lender or entity? [Name of lender or entity, or Not Known]
• If no, can my loan be sold in the future? [Yes or No]
Are my benefits, discounts or rebates guaranteed, even if my loan is sold? [Yes or No]

Cancellation

Can I cancel my loan if I change my mind? [cancellation policy]

Grace Period

Will I lose my grace period if I consolidate my loans? [Yes or No]

Servicer

Who will be the servicer of my loan? [Name of servicer]

* If you select a different repayment plan or term of the loan or prepay your loan, your monthly payments and total payments may vary.

Exhibit 2

Uniform Disclosure Statement-Federal Consolidation Loan

LENDER NAME AND CONTACT INFO

Prepared for: Jane Anybody
1234 Name Street
Anytown, ST 0000

IMPORTANT: Consolidating a Perkins loan will result in the loss of all interest-free periods, including during deferment and grace periods. Consolidation a Perkins loan will also result in the loss of certain cancellation rights associated with Perkins loans.

Cost of Loan

Note: These figures are estimates based upon the information you have reported to us about your current loans. These estimates may change consistent with the exact loan information that is provided to us by your lender(s).

- What is the estimated principal amount that I must repay? \$ _____
- What is the estimated interest rate? _____%
- What is the estimated Annual Percentage Rate (APR)? _____%
The APR is the cost of the loan, including the interest rate and certain fees, expressed as a yearly rate.
- What is the term of the loan? _____ years
- What fees must I pay? [Ex: Origination fee: \$ __, Guarantee fee: \$ __, Other fee: \$ __]
- Is the interest rate fixed (always the same) or variable (changes periodically)? [Fixed or Variable]
- What will my estimated monthly payment be, based on the current interest rate and a standard repayment plan over a ___ year term? \$ _____
- What is the estimated **total amount** I will repay for this loan, based on the current interest rate and a standard repayment plan over a ___ year term? \$ _____

Repayment

- When must I begin repaying my loan? [Ex: six months after graduation]
- Do I lose my deferment and forbearance rights by consolidating? [Yes or No]
- What if I have trouble repaying the loan and want to defer making payments? [See www.lender.com]
- Is there a penalty if I repay the loan early, and what is the penalty? [Yes or No. If Yes, what is the penalty?]
- What are my options for choosing how long to spread out my loan repayment? [See www.lender.com]
Extending the length of your repayment term will increase the total interest paid over the life of the loan, unless you prepay the loan.
- What are my monthly repayment plan options? [See www.lender.com]
- How is unpaid interest capitalized during the periods when I am not paying interest? [Ex: quarterly]
The more frequently unpaid interest is capitalized (added to the loan principal), the higher the total cost of your loan. (For example, quarterly capitalization will be more expensive than annual capitalization.)

Benefits, Discounts & Rebates

- What benefits, discounts, or rebates are offered, and what conditions do I have to meet to obtain the benefits, discounts or rebates? [Ex: 1% interest rate reduction after 24 on-time payments]
- If benefits are offered based on a certain number of "on-time" payments, how is "on-time" defined? [Ex: within 5 days of payment date]
- What will happen if I am late with a payment? [Example: You lose 1% interest rate reduction]
- Will my loan be sold to another lender? [Yes or No]
• If yes, to what lender or entity? [Name of lender or entity, or Not Known]
• If no, can my loan be sold in the future? [Yes or No]
- Are my benefits, discounts or rebates guaranteed, even if my loan is sold? [Yes or No]

Grace Period

- Will I lose the grace period I have on my current loans if I consolidate? [Yes or No]
- Are there differences between the rate on a consolidation completed during the grace period and a consolidation completed during the repayment period? [Yes or No. See www.lender.com for more information]

Servicer

- Who will be the servicer of my loan? [name of servicer]

*If you select a different repayment plan or term of the loan or prepay the loan, your monthly payments and total payments may vary.

Exhibit 3

Student Loan Disclosure Statement-Subsidized Stafford Loan

LENDER NAME AND CONTACT INFO

Prepared for: Jane Anybody
1234 Name Street
Anytown, ST 0000

Cost of Loan

- What is the estimated principal amount that I must repay? \$ _____
- What is the term of the loan? _____ years
- What is the loan's interest rate? _____%
- Is there an automatic interest rate discount, and if so, what is the discount? [Ex: .5% discount at repayment]
- Is the interest rate fixed (always the same) or variable (changes periodically)? [Fixed or Variable]
Variable interest rates change over the life of a loan. As the rate varies, the monthly payment amount changes too.
- What is the estimated Annual Percentage Rate (APR)? _____%
The APR is the cost of the loan, including the interest rate and certain fees, expressed as a yearly rate.
- What fees must I pay? [Ex: Origination fee: \$ __, Guarantee fee: \$ __, Other fee: \$ __]
- What will my estimated monthly payment be, based on the current interest rate? \$ _____
- What is the estimated **total amount** I will repay for this loan, based on the current interest rate? \$ _____
Keep in mind that for variable rate loans, the total amount may be much higher than this estimate.

Repayment

- When must I begin repaying my loan? [Ex: six months after graduation]
- What if I have trouble repaying the loan and want to defer making payments? [See www.lender.com]
- Is there a penalty if I repay the loan early? [Yes or No. If Yes, what is the penalty?]
- What are my options for choosing how long to spread out my loan repayment? [See www.lender.com]
Keep in mind that extending the length of your repayment term will increase the total interest paid over the life of the loan.

Benefits, Discounts & Rebates

- What benefits, discounts, or rebates are offered, and what conditions do I have to meet to obtain the benefits, discounts or rebates? [Ex: 1% interest rate reduction after 24 on-time payments]
- If benefits, discounts, or rebates are offered based on a certain number of "on-time" payments, how is "on-time" defined? [Ex: within 5 days of payment date]
- What will happen if I am late with a payment? [Example: You lose 1% interest rate reduction]
- Will my loan be sold to another lender? [Yes or No]
• If yes, to what lender or entity? [Name of lender or entity, or Not Known]
• If no, can my loan be sold in the future? [Yes or No]
- Are my benefits, discounts or rebates guaranteed, even if my loan is sold? [Yes or No]

Cancellation

- What are my cancellation rights? [Cancellation Policy]

Servicer

- Who will be the servicer of my loan? [Name of loan servicer]

Exhibit 4

Student Loan Disclosure Statement-Unsubsidized Stafford Loan

LENDER NAME AND CONTACT INFO

Prepared for: Jane Anybody
1234 Name Street
Anytown, ST 0000

Cost of Loan

What is the principal amount that I must repay? \$ _____

What is the term of the loan? _____ years

What is the loan's interest rate? _____%

Is there an automatic interest rate discount, and if so, what is the discount? [Ex: .5% discount at repayment]

Is the interest rate fixed (always the same) or variable (changes periodically)? [Fixed or Variable]

Variable interest rates change over the life of a loan. As the rate varies, the monthly payment amount changes too.

What is the Annual Percentage Rate (APR)? _____%

The APR is the cost of the loan, including the interest rate and certain fees, expressed as a yearly rate.

What fees must I pay? [Origination fee: \$ __, Guarantee fee: \$ __, Other fee: \$ __]

What will my estimated monthly payment be, based on the current interest rate? \$ _____

What is the estimated **total amount** I will repay for this loan, based on the current interest rate, if I:

- begin paying immediately? \$ _____
- defer interest and principal payments during my current course of study? \$ _____

Keep in mind that for variable rate loans, the total amount may be much higher than this estimate.

Repayment

When must I begin repaying my loan? [Ex: six months after graduation]

What if I have trouble repaying the loan and want to defer making payments? [See www.lender.com]

Is there a penalty if I repay the loan early? [Yes or No. If Yes, what is the penalty?]

What are my options for choosing how long to spread out my loan repayment? [See www.lender.com]

Keep in mind that extending the length of your repayment term will increase the total total interest paid over the life of the loan.

How is unpaid interest capitalized during periods when I am not paying interest? [Ex: quarterly, annually]

The more frequently unpaid interest is capitalized (added to the loan principal), the higher the total cost of your loan. (For example, quarterly capitalization will be more expensive than annual capitalization).

Benefits, Discounts & Rebates

What benefits, discounts, or rebates are offered, and what conditions do I have to meet to obtain the benefits, discounts or rebates? [Ex: 1% interest rate reduction after 24 on-time payments]

If benefits, discounts, or rebates are offered based on a certain number of "on-time" payments, how is "on-time" defined? [Ex: within 5 days of payment date]

What will happen if I am late with a payment? [Example: You lose 1% interest rate reduction]

Will my loan be sold to another lender? [Yes or No]
• If yes, to what lender or entity? [Name of lender or entity, or Not Known]
• If no, can my loan be sold in the future? [Yes or No]

Are my benefits, discounts or rebates guaranteed, even if my loan is sold? [Yes or No]

Cancellation

What are my cancellation rights? [See www.lender.com]

Servicer

Who will be the servicer of my loan? [Name of servicer]

Exhibit 5

Uniform Disclosure Statement - PLUS Loan

LENDER NAME AND CONTACT INFO

Prepared for: Jane Anybody
1234 Name Street
Anytown, ST 0000

Cost of Loan

- What is the principal amount that I must repay? \$ _____
- What is the term of the loan? _____ years
- What is the loan's interest rate? _____ %
- Is there an automatic interest rate discount? [Yes or No. If Yes, discount]
- Is the interest rate fixed (always the same) or variable (changes periodically)? [Fixed or Variable]
Variable interest rates change over the life of a loan. As the rate varies, the monthly payment amount changes too.
- What is the Annual Percentage Rate (APR)? _____ %
The APR is the cost of the loan, including the interest rate and certain fees, expressed as a yearly rate.
- What fees must I pay? [Origination fee: \$ __, Guarantee fee: \$ __, Other fee: \$ __]
- Can I defer interest and loan payments during my child's/my course of study? [Yes or No]
- What will my estimated monthly payment be? \$ _____
- What is the estimated **total amount** I will repay for this loan, based on the current interest rate, if I:
- begin paying immediately? \$ _____
 - begin paying interest immediately, but defer principal payments during my child's/my current course of study? \$ _____
 - defer interest and principal payments during my current course of study? \$ _____
- Keep in mind that for variable rate loans, the total amount may be much higher than these estimates*

Repayment

- What if I have trouble repaying the loan and want to defer making payments? [See www.lender.com]
- Is there a penalty if I repay the loan early? [Yes or No. If Yes, what is the penalty?]
- What are my options for choosing how long to spread out my loan repayment? [See www.lender.com]
Keep in mind that extending the length of your repayment term will increase the total interest paid over the life of the loan.
- How is unpaid interest capitalized during periods when I am not paying interest? [Ex: quarterly, annually]
*The more frequently unpaid interest is capitalized (added to the loan principal), the higher the total cost of your loan.
(For example, quarterly capitalization will be more expensive than annual capitalization).*

Benefits, Discounts & Rebates

- What benefits, discounts, or rebates are offered, and what conditions do I have to meet to obtain the benefits, discounts or rebates? [Ex: 1% interest rate reduction after 24 on-time payments]
- If benefits, discounts, or rebates are offered based on a certain number of "on-time" payments, how is "on-time" defined? [Ex. within 5 days of payment date]
- What will happen if I am late with a payment? [Example: You lose 1% interest rate reduction]
- Will my loan be sold to another lender?
- If yes, to what lender or entity? [Name of lender or entity, or Not Known]
 - If no, can my loan be sold in the future? [Yes or No]
- Are my benefits, discounts or rebates guaranteed, even if my loan is sold? [Yes or No]

Cancellation

- Can I cancel my loan if I change my mind? [Cancellation policy]

Servicer

- Who will be the servicer of my loan? [Name of servicer]